

Message Text

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44

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SUBJECT: FRANCO-GERMAN COOPERATION IN LMFBR AND HTR FIELD

REF: (A) STATE 047136, (B) PARIS 06040, (C) BONN 03344

1. RODMAN GRIMM, ERDA HEADQUARTERS AND SOL ROSEN, ERDA BRUSSELS, MET WITH FRENCH OFFICIALS REPRESENTING CEA, TECHNICATOME, AND EDF IN PARIS ON MARCH 4 AND DISCUSSED SUBJECT OF FRANCO-GERMAN LMFBR COOPERATION. BASED UPON THESE CONVERSATIONS, ERDA BRUSSELS BELIEVES NUCLEONICS WEEK ARTICLE IS SUBSTANTIALLY CORRECT AS REGARDS THE EXTENT AND MECHANISMS OF POTENTIAL COOPERATION IN THE FIELD OF FAST BREEDER REACTORS. HOWEVER, AS VARIOUSLY REPORTED, SUBSTANTIVE AGREEMENTS ARE ANTICIPATED ONLY AFTER RESTRUCTURING OF THE FRENCH LMFBR INDUSTRY OCCURS.

2. WE ARE ADVISED THIS REORGANIZATION IS EXPECTED TO BE COMPLETED BY MARCH 31. BASICALLY, IT WILL CONSIST OF FORMATION OF A
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NEW COMPANY, NOVATOME, THE BREEDER COUNTERPART OF THE LWR MANUFACTURER

FRAMATOME. CREOUSOT-LOIRE (THE PARENT COMPANY OF FRAMATOME) AND THE FRENCH CEA WILL BE PRINCIPLE SHAREHOLDERS. THE PARTICIPATION OF CGE, GAAA, AND FIVES-CAIL BABCOCK ARE ALSO UNDER DISCUSSION, THE EXTENT OF PARTICIPATION OF THE LATTER COMPANY BEING A PARTICULARLY DIFFICULT MATTER.

3. NOVATOME WILL BE THE FRENCH PARTNER IN ANY FUTURE FRANCO-GERMAN INDUSTRIAL VENTURE TO EXPLOIT LMFBR TECHNOLOGY. KWU, THROUGH INTERATOM, WOULD BE THE GERMAN COUNTERPART. SERIOUS DISCUSSIONS ARE EXPECTED TO BEGIN ONCE THE FRENCH COMPANY HAS BEEN ESTABLISHED.

(NOVATOME WILL ALSO BUILT THE SUPER PHENIX FOR THE INTERNATIONAL UTILITY NERSA, AND FINAL AGREEMENT TO BEGINS CONSTRUCTION IS ANTICIPATED BY JULY 1, 1976.) IT IS INTENDED THAT THE JOINT FRANCO-GERMAN COMPANY WILL OWN THE FRENCH SYSTEM'S LICENSE. THE TOTAL PACKAGE OF FRENCH LMFBR TECHNOLOGY (EXCLUSIVE OF MANUFACTURING KNOWHOW) IS EXPECTED TO BE EXCHANGED. HOWEVER, SEPARATE COMPONENT MANUFACTURING LICENSES ARE FORESEEN. THE AGREEMENTS ARE ENVISAGED AS BEING SIMILAR TO THOSE ALREADY EXISTING BETWEEN FRANCE AND ITALY. THESE INCLUDE LICENSING AGREEMENTS BETWEEN FRENCH AND ITALIAN INDUSTRY AS WELL AS TECHNICAL KNOW-HOW EXCHANGE AND COOPERATIVE AGREEMENTS BETWEEN THE RESPECTIVE NATIONAL ATOMIC ENERGY AGENCIES.

4. COMMENT: THE FRENCH HAVE AN AGGRESSIVE PROGRAM WITH PLANS FOR EDF PURCHASE OF LARGE PLANTS BEGINNING IN 1979. 10,000 MWE OF INSTALLED LMFBR CAPACITY IS FORECAST BY 1990. ON-SITE FABRICATION OF PRESSURE VESSELS AND A PLAN CALLING FOR A MINIMUM OF TWO CONSECUTIVELY CONSTRUCTED PLANTS AT EACH SITE IS PROJECTED TO HOLD MANUFACTURING INVESTMENTS AND EARLY COSTS TO MANAGEABLE PROPORTIONS. THE FRENCH EXPECT THAT SUCCESSFUL OPERATION OF THESE PLANTS WILL BE SUFFICIENT TO OPEN THE EXPORT MARKET TO FRENCH REACTORS AROUND THE YEAR 1990 AT WHICH TIME THEY BELIEVE BREEDERS WILL BE ECONOMIC WITH LWR'S DUE TO ESCALATING URANIUM COSTS. IF THE FRENCH SCENARIO PROVES CORRECT, THE QUICKEST WAY FOR GERMAN INDUSTRY TO PARTICIPATE IN THE LMFBR MARKET COULD BE VIA AGREEMENTS WITH THE FRENCH, INASMUCH AS THE GERMAN EFFORT APPEARS TO BE PROCEEDING TOWARDS COMMERCIALIZATION AT A MUCH SLOWER LIMITED OFFICIAL USE

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PAGE. END COMMENT.

5. REGARDING IMPACT OF A FRANCO-GERMAN AGREEMENT ON PROPOSED LMFBR COOPERATION BETWEEN ERDA AND CEA, ERDA/BRUSSELS BELIEVES THAT PROSPECTS FOR SUBSTANTIVE AGREEMENTS IN AREAS OTHER THAN SAFETY AND PHYSICS CONTINUES TO BE POOR UNTIL SUCH TIME AS A FRENCH-U.S. INDUSTRIAL BREEDER ARRANGEMENT IS ACHIEVED. AN LMFBR AGREEMENT BETWEEN FRANCE AND GERMANY WILL NOT EFFECT THIS ALREADY BLEAK SITU-

ATION, EXCEPT POSSIBLY TO MAKE CEA LESS FLEXIBLE IN ACCEPTING THE
TYPE AGREEMENT ERDA HAS BEEN SEEKING. HINTON

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